

Message Text

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C O N F I D E N T I A L CAIRO 17888

E.O. 11652: GDS
TAGS: ETRD, EG
SUBJECT: ARAB BOYCOTT: XEROX/COCA COLA/FORD

REF: CAIRO 15198

1. HAD OPPORTUNITY LAST EVENING DISCUSS WITH
MFA MINSTATE MOHAMED RIAD STATUS OF VARIOUS OUT-
STANDING BOYCOTT PROBLEMS. HIS COMMENTS FOLLOW:

2. XEROX: RIAD ASSERTED WITH CONSIDERABLE SATISFACTION THAT
HE HAD "ARRANGED" FOR XEROX TO BE ALLOWED TO OPERATE IN EGYPT.
DURING HIS RECENT VISIT TO US, GHORBAL
HAD SET UP MEETING WITH XEROX REP. IN RESPONSE
RIAD'S QUERIES, XEROX REP ALLEGEDLY INDICATED
DESIRE TO ESTABLISH SIZEABLE OPERATIONS IN BOTH
CAIRO AND ALEXANDRIA. THESE WOULD BE GREATER THAN
XEROX'S \$15 THOUSAND INVESTMENT IN ISRAEL. RIAD
WAS VAGUE ON PRECISE NATURE OF PROPOSED XEROX
PLANTS IN EGYPT AND CLAIMED GOE IS NOW AWAITING
FORMAL PROPOSAL FROM COMPANY. IN PREPARATION FOR
SUCH PROPOSAL, HE HAD ALREADY DISCUSSED SUBJECT
WITH PRIMIN MAMDUH SALEM AND MINECONCOOP HAMED
EL-SAYEH. BOTH HAD AGREED THAT, IF XEROX PROPOSAL
INVOLVED SIGNIFICANT INVESTMENT IN EGYPT, AS
SUGGESTED BY XEROX REP, GOE WILL UNILATERALLY
PERMIT THE COMPANY OPERATE HERE. GOE WILL HANDLE
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ANY ARAB BOYCOTT COMMITTEE QUERIES BY NOTING THAT
XEROX INVESTMENT IN EGYPT IS GREATER THAN THAT
IN ISRAEL; HENCE, EGYPT BENEFITS MORE.

3. COCA-COLA: RIAD STATED PAUL AUSTIN, CHAIRMAN
OF THE BOARD OF COCA-COLA, IES EXPECTED VISIT CAIRO

JANUARY 15 TO PURSUE DISCUSSIONS ON COKE'S INTEREST IN RESUMING OPERATIONS HERE. GOE HAD BEEN INFORMED OF VISIT BY YUSSEF NABIH, LOCAL COCA-COLA AGENT. NABIH HAD ALSO CLAIMED THAT COKE'S ANSWERS TO VARIOUS QUERIES PUT TO IT BY GOE HAD ARRIVED, ALTHOUGH RIAD STATED HE HAD NOT SEEN THEM. PERHAPS THEY HAD BEEN SENT TO MINECON COOP. ASSUMING COKE'S INVESTMENT IN PROPOSED CITRUS PROJECT IS SIGNIFICANT, RIAD'S IDEA IS TO HAVE GOE APPROVE THIS. DEMONSTRABLY SIGNIFICANT CITRUS PROJECT AND IN DUE COURSE BE USED TO JUSTIFY RESUMPTION OF COKE EXTRACT AND BOTTLING ACTIVITIES AS WELL. RIAD STATE ARRANGEMENTS ARE BEING MADE FOR AUSTIN TO SEE PRIMIN MAMDUH SALEM AND MINECONCOOP HAMED EL-SAYEH. HE THOUGHT A MEETING WITH THE PRESIDENT WAS ALSO LIKELY.

FORD: SINCE RIAD SEEMED TO KNOW NOTHING OF FORD PLANS, I TOLD HIM OF PROPOSED VISIT OF WILLIAMS/FREDERICKS, ALSO ON JANUARY 15. IT WAS MY UNDERSTANDING THEY WILL BRING REVISED FEASIBILITY STUDY TO PRESENT TO GOE OFFICIALS. I WOULD ARRANGE MEETINGS WITH PRIMIN, MINECONCOOP EL-SAYEH AND FAHMY. RIAD SAID HE WAS GLAD TO HEAR THIS. ALTHOUGH HE HAD NOT RECENTLY BEEN INVOLVED IN FORD MATTER, HE KNEW OF FAHMY'S DISSATISFACTION WITH INITIAL FORD PROPOSAL ON GROUNDS OF INADEQUATE EQUITY INVESTMENT. IF REVISED PROPOSAL INCLUDES SUBSTANTIAL FORD EQUITY INVESTMENT, RIAD EXPRESSED CONFIDENCE SOMETHING CAN BE WORKED OUT. I TOLD RIAD THAT GOE IMPRESSION OF INITIAL LOW FORD EQUITY INVESTMENT PROPOSAL WAS NOT IN ACCORD WITH FACTS. RIAD STATED CONFIDENTIAL

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INFORMATION HAD COME FROM GAZERINE, WHO OUGHT TO KNOW.

5. I EMPHASIZED TO RIAD THAT WE REMAIN INTERESTED IN GIVING ALL POSSIBLE ASSISTANCE TO THESE AMERICAN COMPANIES TO BE ABLE TO RESUME OPERATIONS IN EGYPT. THEIR REESTABLISHMENT IN EGYPT WOULD UNDOUBTEDLY BENEFIT THE EGYPTIAN ECONOMY AND, AS I HAD PREVIOUSLY TOLD HIM, COULD BE HELPFUL IN ATTRACTING OTHER AMERICAN INVESTMENT.
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